

KGALAGADI DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

for the year ended

30 June 2008

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 27, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 22 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Mr M.K.Mmoiemang
Municipal Manager

August 2008

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KGALAGADI DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2008

	Note	2008 R	2007 R
NET ASSETS AND LIABILITIES			
Net assets		54 950 020	17 518 871
Capital replacement reserve		7 521 881	6 828 750
Government grant reserve		6 649 045	519 907
Revaluation reserve		12 088 470	-
Public donations and contributions		26 804 502	-
Self-insurance reserve		650 000	450 000
Accumulated Surplus/(Deficit)		1 236 122	9 720 214
Non-current liabilities		15 546 205	11 300 261
Long-term liabilities	2	3 859 268	3 856 976
Long-term creditors	3	11 686 937	7 443 285
Current liabilities		18 051 497	18 671 247
Provisions	4	1 661 205	617 573
Creditors	5	49 957	905 222
Other creditors	6	1 545 600	3 951 471
Employee benefits	7	1 051 689	1 134 922
Unspent conditional grants and receipts	8	13 684 082	12 000 803
Current portion of long-term liabilities	2	58 964	61 256
Total Net Assets and Liabilities		88 547 722	47 490 379
ASSETS			
Non-current assets		66 948 567	22 118 764
Property, plant and equipment	9	66 944 727	22 115 146
Investments	11	3 840	3 618
Current assets		21 599 155	25 371 616
Biological assets	12	1 545 600	2 053 050
Consumer debtors	13	1 254 016	27 288
Other debtors	14	3 945 261	2 823 484
VAT	16	1 710 372	549 263
Cash and cash equivalents	15	13 143 906	19 918 531
Total Assets		88 547 722	47 490 380

**KGALAGADI DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30th JUNE 2008**

	Note	2008 R	2007 R
REVENUE			
Property rates	17	20 689	14 311
Service charges	18	3 272 762	129 257
Rental of facilities and equipment		45 057	18 103
Interest earned - external investments		1 755 279	2 217 707
Interest earned - outstanding debtors		10 410	25 184
Levies		141 532	2 807 315
Fines		8	426
Roads/Workshop income		2 130 264	-
Government grants and subsidies	19	47 771 169	60 783 905
Public Contributions and Donations		41 882	181 295
Other income		3 600 140	24 574 217
Other income - Projects	20	17 902 421	-
Contributions Local Municipalities			-
Gains on disposal of property, plant and equipment		70 131	145 558
Assets received - Grants and Public Contribution		33 724 967	-
Total Revenue		110 486 711	90 897 278
EXPENDITURE			
Employee related costs	21	30 496 191	26 496 490
Remuneration of Councillors	22	3 021 096	3 124 909
Bad debts		75 000	50 000
Collection costs		41 893	-
Depreciation		4 827 942	1 632 738
Repairs and maintenance		14 439 132	12 560 972
Interest paid	23	391 760	200 940
Bulk Purchases		1 678 411	
Grants and subsidies paid	24	878 000	1 838 527
General expenses	25	7 364 774	44 092 063
Impairment losses		3 777 267	
Project Cost		18 708 367	
Total Expenditure		85 699 833	89 996 639
SURPLUS/(DEFICIT) FOR THE YEAR			
		24 786 878	900 639
Refer to Appendix E(1) for the comparison with the approved budget			

KGALAGADI DISTRICT MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2008

	<u>Public Donations Reserve</u> R	<u>Capital Replacement Reserve</u> R	<u>Government Grant Reserve</u> R	<u>Revaluation Reserve</u> R	<u>Self Insurance Reserve</u> R	<u>Accumulated Surplus/Deficit</u> R	<u>Total</u> R
2007							
Balance at 1 July 2006		6 267 805	314 857		250 000	9 785 570	16 618 232
Surplus/(deficit) for the year						900 639	900 639
Capital grants used to purchase PPE			284 285			-284 285	-
Property, Plant and Equipment Purchased		-3 124 469				3 124 469	-
Donated/contributed PPE							-
Contribution to CRR		3 685 414				-3 685 414	-
Contribution to Self Insurance Reserve					200 000	-200 000	-
Asset disposals							-
Assets written off			-15 280			15 280	-
Offsetting of depreciation			-63 955			63 955	
Balance at 30 June 2007		6 828 750	519 907	-	450 000	9 720 214	17 518 871
Prior year adjustments (note 10)						513 286	513 286
Restated Balance at 30 June 2007		6 828 750	519 907		450 000	10 233 500	18 032 157
2008							
Balance at 1 July 2007		6 828 750	519 907		450 000	10 233 500	18 032 157
Surplus(deficit) for the year						24 786 878	24 786 878
Revaluation of assets				12 130 985			12 130 985
Contributions		4 611 363			200 000	-4 811 363	0
Property plant and equipment	27 270 156		6 454 811			-33 724 967	
Property plant and equipment from CRR		-3 918 232				3 918 232	
Offsetting of depreciation	-465 654		-325 673	-42 515		833 842	
Balance at 30 June 2008	26 804 502	7 521 881	6 649 045	12 088 470	650 000	1 236 122	54 950 020

KGALAGADI DISTRICT MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 R	2007 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other			137 531 064
Cash paid to suppliers and employees			-151 265 820
Cash generated from/(utilised in) operations	26	-1 896 185	-13 734 756
Interest received		1 755 279	2 217 707
Interest paid	23	-391 760	-200 940
NET CASH FROM OPERATING ACTIVITIES		<u>-532 666</u>	<u>-11 717 989</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		3 918 232	7 042 701
Proceeds on disposal of property, plant and equipment			
Decrease in non-current receivables		3 388 837	-3 699 541
Increase in non-current investments		222	172
NET CASH FROM INVESTING ACTIVITIES		<u>7 307 291</u>	<u>3 343 332</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised/(repaid)			3 096 116
Increase in consumer deposits			
NET CASH FROM FINANCING ACTIVITIES		<u></u>	<u>3 096 116</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		<u>-6 774 625</u>	<u>-5 178 541</u>
Cash and cash equivalents at the beginning of the year	27	19 918 531	25 193 627
Cash and cash equivalents at the end of the year	27	13 143 906	19 918 531

KGALAGADI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

Accounting Policy for Kgalagadi District Municipality

1. Summary of significant accounting policies for the year ended 30 June 2008

The principal accounting policies applied in the preparation of these financial statements are set out below and are consistent with those applied in the previous year unless otherwise stated.

1.1 Basis of preparation

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of:

- General Notice 991 of 2005, issued in Government Gazette no. 28095 of 15 December 2005; and
- General Notice 992 of 2005, issued in Government Gazette no. 28095 of 7 December 2005; and

The Standard comprise of the following:

GRAP 1	- Presentation of Financial Statements
GRAP 2	- Cash Flow Statements
GRAP 3	- Accounting Policies, Changes in Accounting Estimates and Errors
GAMAP 4	- The Effects of Changes in Foreign Exchange Rates
GAMAP 6	- Consolidated Financial Statements and Accounting for Controlled Entities
GAMAP 7	- Accounting for Investments in Associates
GAMAP 8	- Financial Reporting of Interests in Joint Ventures
GAMAP 9	- Revenue
GAMAP 12	- Inventories
GAMAP 17	- Property, Plant and Equipment
GAMAP 19	- Provisions, Contingent Liabilities and Contingent Asset

Accounting policies for material transactions, events or conditions not covered by the above GRAP and GAMAP Standards have been developed in accordance with paragraphs 7.11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (GAAP) including any interpretations of such Statements issued by the Accounting Practices Board. A summary of the significant accounting policies are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GAMAP or GRAP.

1.2 Presentation currency

These annual financial statements are presented in South African Rand.

1.3 Going concern assumption

These annual financial statements are prepared on the basis that the municipality will remain a going concern for the foreseeable future.

KGALAGADI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)

Accounting Policy for Kgalagadi District Municipality

1.5 Reserves

1.5.1 Capital Replacement Reserve (CRR)

In order to finance the future provision of infrastructure and other items of property, plant and equipment from internal sources amounts are transferred out of the accumulated surplus/(deficit) into the Capital Replacement Reserve (CRR). The cash allocated to the CRR can only be utilised to finance items of property, plant and equipment. The following provisions are set for the creation and utilisation of the CRR:

- * The cash which backs up the CRR is invested until it is utilised. The cash may only be invested in accordance with the investment policy of the municipality.
- * Interest earned on the CRR investment is recorded as part of total interest earned in the Statement of Financial Performance.
- * The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment for the municipality and may not be used for the maintenance of these items.
- * The gains from the disposal of property, plant and equipment must be transferred to the CRR.
- * The CRR is reduced and the accumulated surplus/(deficit) credited with corresponding amounts when the funds are utilised.
- * The amounts credited to the accumulated surplus/(deficit) with the purchasing of PPE together with the gains on disposal of assets must be contributed to the CRR.
- * The amounts transferred to the CRR are based on the Municipality's need to finance future capital projects.
- * The Council determines the annual contribution to the CRR.

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus/(deficit).

1.5.2 Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from Government Grants.

KGALAGADI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)

Accounting Policy for Kgalagadi District Municipality

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

1.5.3 Self Insurance Fund.

Contributions are made to the Self Insurance Fund in the budget. When there are sufficient funds in the fund council will decide what part of the councils assets will be covered by this fund.

1.6 Financial Instruments

Financial instruments carried in the Statement of Financial Position include cash and cash equivalents, investments, accounts receivable, accounts payable and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire or have been transferred and the Municipality has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when it is extinguished, i.e. when the contractual right is discharged, cancelled or expires.

1.7 Leases

1.7.1 Lessee Accounting

Amounts held under finance leases are initially recognised as assets of the Municipality at their fair value at the inception of the lease or, if lower at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Municipality's policy on borrowing costs.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The Municipality will not incur a foreign currency lease liability other than that allowed by the MFMA.

1.7.2 Lessor Accounting

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

KGALAGADI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)

Accounting Policy for Kgalagadi District Municipality

1.8 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for the intended use or sale, are added to the costs of these assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the statement of financial performance in the period in which they are incurred.

1.9 Borrowings

Borrowings are recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortised cost any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Financial Performance over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Municipality has the unconditional right to defer settlement of the liability for at least 12 months after the date of the Statement of Financial Position.

The municipality has exemption from National Treasury from AC 133: Financial Instrument: Recognition and measurement

1.10 Provisions

A provision is recognised when the municipality has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The municipality has discounted provisions to their present value when the effect of the time value of money is material. The notional interest charge representing the unwinding of the provision discounting is included in the Statement of Financial Position.

Provisions are reviewed at each Statement of Financial Position date and adjusted to reflect the current best estimate.

1.11 Employee Benefits

(a) Pension obligations

The Municipality operates or contributes various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has only defined contribution plans. A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The Municipality has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

KGALAGADI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)

Accounting Policy for Kgalagadi District Municipality

For defined contribution plans the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory contractual or voluntary basis. The Municipality has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Post Retirement Medical obligations

The Municipality provides post-retirement healthcare benefits to its retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are charged or credited to the Statement of Financial Performance over the expected average remaining working lives of the related employees. The present value of the obligation is determined by the calculations from an independent qualified actuary based on the future cash outflow.

The municipality is exempted from AC 116: Employee benefits in respect of defined benefit accounting as far as it relates to defined benefit plans accounted for as defined contribution plans and the defined benefit obligation disclosed by narrative information (paragraphs 29, 48 – 119, 120A to (q)).

(c) Long Service awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality in the form of leave as follows:

- 5 Working days after 10 years service
- 10 Working days after 15 years service
- 15 Working days after 20 years service
- 20 Working days after 25 years service
- 20 Working days after 30 years service
- 25 Working days after 35 years service
- 30 Working days after 40 years service
- 30 Working days after 45 years service

1.12 Trade Payables (Creditors)

Trade payables and other receivables are originally carried at fair value and subsequently remeasured at amortised cost using the effective interest method.

1.13 Accrued Leave Pay

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

1.14 Unutilised Conditional Grants

Unutilised conditional grants are reflected on the Statement of Financial Position as a creditor - Unutilised conditional grants at amortised cost. They represent unspent government grants,

KGALAGADI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)

Accounting Policy for Kgalagadi District Municipality

Reserve. This reserve is equal to the remaining depreciable value (book value) of assets purchased out of the Unutilised Conditional Grants. The Government Grant Reserve is used to offset depreciation charged on assets purchased out of the Unutilised Conditional Grants.

1.15 Value -added Tax

The Council accounts for Value-added Tax on the invoice basis.

1.16 Property Plant and Equipment

Land and buildings held for use in the production or supply of goods and services or for administrative purposes are stated in the Statement of Financial Position at their revalued amounts being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are performed every four years when the municipal valuation roll is Updated.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a Revaluation Reserve in the Statement of Changes in Net Assets and in the Statement of Financial position. Decreases that offset previous increases of the same asset are charged against the Revaluation Reserve directly in the Statement of Changes in Net Assets; all other decreases are charged to the Statement of Financial Performance.

Depreciation on revalued land and buildings is charged to the Statement of Financial Performance. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the Revaluation Reserve is transferred directly to the accumulated surplus / deficit.

Incomplete construction work is stated at historic cost. Depreciation only commences when the asset is commissioned into use.

All buildings and other property, plant and equipment are stated at historical cost less depreciation and any accumulated impairment losses. Historical cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Municipality's accounting policy.

The Municipality has adopted a capitalisation threshold whereby all expenditure below the threshold is written off after capitalization. The threshold is currently R 5 000.00 per item of PPE only if it is immaterial in total.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to the municipality and the cost of the item can be measured reliably. The carrying amount of a replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Financial Performance during the financial period in which they are incurred.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and buildings under construction over their estimated useful lives, using the straight-line method.

KGALAGADI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)

Accounting Policy for Kgalagadi District Municipality

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The depreciation rates are based on the following estimated useful lives:

	<u>Years</u>
Infrastructure	
Water.....	15
Reservoir Tanks.....	10
Community	
Buildings.....	30
Recreational Facilities.....	15
Sport Facilities.....	15
Cemeteries.....	20
Community Halls.....	20
Other	
Office Buildings.....	30
Specialist vehicles.....	7
Other vehicles.....	5
Office equipment.....	3
Furniture and fittings.....	7
Security measures.....	3
Fencing.....	5

The municipality is exempted from GAMAP 17, Property, plant and equipment for the review of useful life item of PPE recognised in the annual financial statements (paragraphs 59 -77); Review of the depreciation method applied to PPE recognised in the annual financial statements [Paragraph 62 and 77]; Impairment of non-cash generating assets [paragraphs 64-69 and 75(e)(v)-(vii); Impairment of cash generating assets [Paragraphs 63 and 75(e)(vi)-(vi)]. The municipality is also exempted from the entire AC 128: Impairment of Assets.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised (net) in the Statement of Financial Performance. When revalued assets are sold, the amounts included in the Revaluation Reserve are transferred to the Accumulated Surplus/(Deficit) directly in the Statement of Changes in Net Assets.

Heritage assets, which are defined as culturally significant resources are not depreciated as they are regarded as having an infinite life. Land is also not depreciated for the same reason.

1.17 Investment Property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost. Subsequent to initial recognition investment properties are shown at fair value, based on periodic, but at least every four years, valuations by external independent valuers. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

1.18 Intangible Assets

Intangible assets acquired separately are reported at cost less accumulated amortisation and

KGALAGADI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)

Accounting Policy for Kgalagadi District Municipality

estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The municipality is exempt from the entire AC 129: Intangible assets except for the recognition, measurement and disclosure of the computer software and website costs (AC 432) and all other costs were expensed.

1.19 Impairment of Tangible and Intangible Assets

At each Statement of Financial Position date the municipality reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset the municipality estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Financial Performance, unless the asset is carried at a revalued amount, in which case the reversal of the impairment is treated as a Revaluation Reserve increase.

1.20 Financial Assets

The Municipality classifies its financial assets in the following categories: available for sale, fair value through Statement of Financial Performance, held to maturity and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Available-for-sale investments

Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the date of the Statement of Financial Position. Purchases and sales of available-for-sale investments are recognized on the trade date at fair value including transaction costs. Investments are subsequently carried at fair value. Realised and unrealized gains and losses arising from changes in the value of these investments are recognized in the Statement of Changes in Net Assets. When these investments are sold or impaired the accumulated fair value adjustments are included in the Statement of Financial Performance and reversed in the Statement of Changes in net Assets.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the Statement of Financial Performance. Dividends on available-for-sale equity instruments are recognised in the Statement of Financial Performance when the right to receive payments is established.

KGALAGADI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)

Accounting Policy for Kgalagadi District Municipality

(b) Held- to- maturity

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities other than those that meet the definition of loans and receivables that the management of the Municipality has a positive intention and ability to hold to maturity.

These assets are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment.

Interest on held-to-maturity securities calculated using the effective interest method is recognised in the Statement of Financial Performance. Dividends on available-for-sale equity instruments are recognised in the Statement of Financial Performance when the right to receive payments is established.

(c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the date of the Statement of Financial Position. They arise when the Municipality provides money for goods or services directly to a debtor with no intention of trading the receivable and are initially recognized at fair value and subsequently carried at amortised cost using the effective interest method, less provision for impairment.

1.21 Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

1.22 Revenue Recognition

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are split between business and residential rates. The business tariff is based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly. Residential properties are levied monthly based on a fixed tariff.

Interest and rentals are recognised on a time proportion basis.

KGALAGADI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)

Accounting Policy for Kgalagadi District Municipality

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Interest earned on investments is recognised in the Statement of Financial Performance on a time proportionate basis that takes into account the effective yield on the investment. Interest earned on the following investments is not recognised in the Statement of Financial Performance:

- Interest earned on unutilised conditional grants is allocated directly to the unutilised conditional grant creditor, if the grant conditions indicate that interest is payable to the funder.

Revenue from the sale of goods is recognised when **all** the following conditions have been satisfied:

- The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Finance income from the sale of housing by way of instalment sales agreements or finance leases is recognised on a time proportion basis.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use.

Where public contributions have been received but the municipality has not met the condition, a liability is recognised.

1.23 Revenue from non-exchange transactions

Revenue from property rates is recognised when the legal entitlement to this revenue arises. There is certain discounts that council can approve and that amounts will be stated as Income forgone.

Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses

**KGALAGADI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)**

Accounting Policy for Kgalagadi District Municipality

that will be received based on past experience of amounts collected.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

Contributed property, plant and equipment are recognised when such items of property, plant and equipment are brought into use.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

1.24 Conditional Grants and Receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

1.25 Other Income

All other income is recognised when it is received and a receipt is issued. All other income will be recognised in the Statement of Financial Performance.

1.26 Levy Income

The RSC levies are collected in accordance with Act 109 of 1985 and are recognised when the levies are received and a receipt is issued. The levy income is recognised in the Statement of Financial Performance.

1.27 Inventories

Inventories consist of game and are stated at the lowest of cost price or net realisable value.

1.28 Events After the Statement of Financial Positions Date

When there are events that have an impact on councils fund before the end of August in the next financial year, it will be disclosed in the notes to the Financial Statements.

1.29 Consumer Debtors

Consumer debtors are disclosed as original invoice less payments and less provision for bad debts. No interest is levied on outstanding debtors, but council can take a resolution to levy interest in accordance with the Credit Control Policy.

1.30 Related parties

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions.

KGALAGADI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)

Accounting Policy for Kgalagadi District Municipality

Key management personnel are defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager. other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

1.31 Unauthorised Expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.32 Irregular Expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management

policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.33 Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered it is subsequently accounted for as revenue in the Statement of Financial Performance

1.34 Rounding

The amounts reflected in the financial statements of the Municipality are all in Rand and all amounts are rounded off to the nearest Rand.

1.35 Exemptions for the implementation of GRAP

The National Treasury granted the request for application to be exempted from implementing the following GRAP standards:

**KGALAGADI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)**

Accounting Policy for Kgalagadi District Municipality

Financial Reporting Standard		Extent of Exemption from standard
GRAP 3	Accounting Policies, Changes of Accounting Estimates and Errors	Identification and impact of GRAP standards that have been issued but are not yet effective and changes to accounting policies. [Paragraphs 14, 19 and 30-31]
GAMAP 17	Property, Plant and Equipment	Review of useful life item of PPE recognised in the annual financial statements [Paragraphs 59-77]
		Review of the depreciation method applied to PPE recognised in the annual financial statements. [Paragraphs 62 and 77]
		Impairment of non-cash generating assets. [Paragraphs 64-69 and 75(e) (v)-(vi)]
		Impairment of cash generating assets. [Paragraphs 63 and 75(e)(v)-(vi)]
AC 128	Impairments of Assets	Entire Standard
GAMAP 12	Inventories	There entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of GAMAP 17.
		The entire standard to the extent that it relates to water stock that was not purchased by the municipality.
AC 135	Investment Property	The entire standard to the extent that property is accounted for in terms of GAMAP 17
		Disclosure of the fair value of investment property if the cost model is applied and where the municipality has recognised investment property in terms of this standard. [Paragraphs 79(e)(i)-(iii)]
AC 105	Leases	Recognising operating lease payments/receipts on a straight line basis if the amount is recognised on the basis of the cash flows in the lease agreement. [SAICA Circular 12/06 paragraphs 8-11 and paragraphs 33,34,50,51 of AC 105]
AC 129	Intangible Assets	The entire standards except for the recognition, measurement and disclosure of the computer software and website costs (AC432) and all other costs were expensed.
AC 116	Employee Benefits	Defined benefit accounting as far as it relates to defined benefit plans accounted for as defined contribution plans and the defined benefit obligation disclosed by narrative information (paragraphs 29,48-119,120A(c)-(q))
GAMAP 9	Revenue	Initial measurement of fair value discounting all future receipts using an imputed rate of interest. [SAICA Circular 09/06 and paragraph 12]
AC 133	Financial Instruments: Recognition and measurement	Initially measuring financial assets and liabilities at fair value. [SAICA Circular 09/06 paragraphs 43, AG 79, AG 64 and AG 65 of AC 133]
Ac 142	Non-current Assets held for sale and discontinued operations	Classification, measurement and disclosure of non-current assets held for sale. [paragraphs 6-14, 15-29(in so far as it relates to non-current assets held for sale), 38-42]
AC 144	Financial instruments: Disclosure	Entire standard to be replaced by IAS 32 (AC 125) issued August 2006 and effective for financial statements covering periods beginning on or after 1 January 1998.
AC 115	Segment Reporting	Entire Standard
AC 146	Operating Segments	Entire Standard
AC 109	Construction Contracts	Entire Standard
AC 140	Business Combinations	Entire Standard

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KGALAGADI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)

	2008 R	2007 R
2 LONG-TERM LIABILITIES		
Annuity Loans	3 918 232	3 918 232
Government Loans : Other		
Sub-total	<u>3 918 232</u>	<u>3 918 232</u>
Less : Current portion transferred to current liabilities	-58 964	-61 256
Local Registered Stock Loans		
Annuity Loans	<u>-58 964</u>	<u>-61 256</u>
Government Loans : Other		
Total External Loans	<u>3 859 268</u>	<u>3 856 976</u>

Refer to Appendix A for more detail on long-term liabilities.

The DBSA (NC101797) loan is repayable in 40 Payments of R186,968.84 Interest is payable at 11 %. The last payment is due on December 2027. There is no security for this loan.

Payable	Payable	Payable	Payable
0-1 year	1 - 2 years	2-5 years	>5 years
373 938	373 938	1 121 814	5 609 070

The DBSA (NC102567) loan is repayable in 40 Payments of R57226.92 . Interest is payable at 11 %. The last payment is due on June 2028. There is no security for this loan.

Payable	Payable	Payable	Payable
0-1 year	1 - 2 years	2-5 years	>5 years
114 454	114 454	343 362	1 716 810

3 LONG TERM CREDITORS

Commonage farms	11 686 937	7 443 285
	<u>11 686 937</u>	<u>7 443 285</u>

The movement in long term creditors is reconciled as follows:-

Balance at the beginning of year	7 443 285	
Increase in commonage land	4 243 652	7 443 285
	<u>11 686 937</u>	<u>7 443 285</u>

4 PROVISIONS

Performance Bonus	598 650	617 573
Bonusses	1 062 558	
	<u>1 661 208</u>	<u>617 573</u>

The movement in the provision is reconciled as follows: -

Balance at beginning of year	617 573	-
Contributions to provision	598 650	617 573
Expenditure incurred	617 573	-
Increase in provision due to discounting		-
Transfer to current provisions		-
Balance at end of year	<u>598 650</u>	<u>617 573</u>

5 CREDITORS

Trade Creditors	-	593 250
Payments in Advance	49 955	55 944
Loan Debtors		256 029
	<u>49 955</u>	<u>905 223</u>

6 OTHER CREDITORS

SARS	-	1 898 421
Game on farm		
Springbokke	226 000	156 800
Blesbokke	23 600	87 600
Gemsbokke	656 000	878 400
Blouwildebees	266 400	187 850
Eland	56 000	322 000
Rooihartebees	225 000	392 400
Volstruis	11 200	28 000
Zebra	81 400	-
	<u>1 545 600</u>	<u>3 951 471</u>

7 Employee benefits

Leave Provision	<u>1 134 922</u>	<u>1 134 922</u>
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The movement in the leave provision is reconciled as follows: -

Balance at beginning of year	1 134 922	1 006 499
Contributions to provision		128 423
Expenditure incurred		-
Increase in provision due to discounting		-
Transfer to current provisions		-
Balance at end of the year	<u>1 134 922</u>	<u>1 134 922</u>

KGALAGADI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)

	2008 R	2007 R
8 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
8.1 Conditional Grants from other spheres of Government	1 070 441	4 383 156
MIG Grants	1 070 441	4 383 156
Provincial LED Projects		-
8.2 Conditional Grants not MIG Grants	12 613 642	7 617 647
MSIG	586 559	107 713
FMG	1 606 705	1 310 045
Sanitation	270 872	404 843
Sanitation (household)	85 574	
Sanitation (household)	67 080	183 104
Commamange farms	498 886	
Main Roads	365 907	
Health - Section 78 Report	8 922	61 042
IDP	77 048	103 219
DWAFF Awareness	315 503	
Spatial Development Framework		87 705
Housing Grant	2 868 343	
Dipudi Project		168 270
Housing	1 011 527	1 000 000
SETA Leadership Training	86 578	221 858
EPWP Fencing of Roads		750 633
EPWP Fencing of Graveyards		15 000
EPWP Donkey Carts	113 767	76 789
EPWP	1 219 552	
Vanzylsrus Library - magazines	825	862
Health services	61 042	
Vanzylsrus Library Development Programme	79 931	54 730
Capacity Building		125 551
LED		35 206
Donkey and Human Drawn Carts - North West	25 002	273 026
Asbestos Roads 2008/2009	906 265	
Asbestos Roads	691 447	1 124 977
PIMMS		198 333
MSIG	4 746	21 165
Internal Audit	470 000	
Risk Management	125 551	
Baklaros Training Centre		150 830
HIV/Aids Council	92 069	133 629
School Sanitation	64 821	100 000
Kgalagadi Projects	909 120	909 120
Total unspent conditional grants ans receipts	13 684 083	12 000 803

9 PROPERTY, PLANT AND EQUIPMENT
30 June 2008

Reconciliation of Carrying Value	Infrastructure		Land and Buildings		Other		Total
	R		R		R		R
Carrying values at 1 July 2007			18 929 707		3 185 439		22 115 146
Cost			20 280 399		8 724 265		29 004 664
Correction of error							
Revaluation							
Accumulated depreciation			-1 350 692		-5 538 826		-6 889 518
- Cost			-1 350 692		-5 538 826		-6 889 518
- Revaluation							
Acquisitions	33 674 823		5 841 789		1 979 170		41 495 782
Capital under Construction							-
Increases/decreases in revaluation			12 130 985				12 130 985
Depreciation	-679 764		-2 503 007		-1 644 921		-4 827 692
- based on cost	-679 764		-2 503 007		-1 644 921		-4 827 692
- based on revaluation							
Carrying value of disposals					-8 604		-8 604
Cost/revaluation			33 045		459 554		492 599
Accumulated depreciation			-33 045		-450 950		-483 995
Impairment losses			-3 777 267				-3 777 267
Correction of error			-262 619		78 996		-183 623
Carrying values at 30 June 2008		32 995 059	30 359 588		3 590 080		66 944 727
Cost		33 674 823	25 393 484		10 433 854		69 502 161
Revaluation			12 130 985				12 130 985
Accumulated depreciation		-679 764	-7 164 881		-6 843 774		-14 688 419
- Cost		-679 764	-7 122 366		-6 843 774		-14 645 904
- Revaluation			-42 515		-		-42 515

KGALAGADI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)

	2008 R	2007 R
10 PRIOR YEAR ADJUSTMENTS		
All assets with a purchase value off R 5,000.00 and less was written off in the year it was purchase. This was corrected in the current year and all the assets was capitalised in the asset registrar and depreciation calculated	79 995.27	-
All land in the name off council was depreciated in the past. This was corrected and all depreciation was written back.	433 290.84	-
	<u>513 286.11</u>	<u>-</u>
11 INVESTMENTS		
Financial Instruments (Held to maturity)		
Long-term Deposits- Collateral P Seele (Fix Deposit for 12 Months)	3 840	3 618
Fixed Deposits	<u>3 840</u>	<u>3 618</u>
The investment is held at 8.15% rate at First Nasional Bank		
12 BIOLOGICAL ASSETS		
Balance as at the beginning of the year	2 053 050	-
Total of game	1 545 600	2 053 050
Springbokke	226 000	
Blesbokke	23 600	
Gemsbokke	656 000	
Blouwildebees	266 400	
Eland	56 000	
Rooihartbees	225 000	
Volstruis	11 200	
Zebra	81 400	
Less: previous year	2 053 050	-
Total of biological assets	<u>1 545 600</u>	<u>2 053 050</u>
13 CONSUMER DEBTORS		
Consumer Debtors	1 423 364	127 906
Less Provision for Bad Debts	-169 348	-100 618
	<u>1 254 016</u>	<u>27 288</u>
Summary of Debtors by Customer Classification	Gross Balances	Provision for
As at 30 June 2008	R	Bad Debts
Service debtors		R
Electricity	231 401	
Rates	88 427	
Refuse	95 539	
Water	504 306	
Sewerage	141 987	
VAT	66	
Miscellaneous Vatable	7 516	
Miscellaneous Non Vatable	354 122	
Working Capital		-169 348
Total	<u>1 423 364</u>	<u>-169 348</u>
		<u>1 254 016</u>
As at 30 June 2007	Gross Balances	Provision for
Service debtors	R	Bad Debts
Rates	11 360	-
Refuse	5 854	-
Water	26 001	-
VAT	252	-
Miscellaneous Vatable	11 465	-
Miscellaneous Non Vatable	72 974	-
Working Capital		-100 618
Total	<u>127 906</u>	<u>-100 618</u>
		<u>27 288</u>
	2008	2007
	R	R
Rates: Ageing		
Current (0 – 30 days)	78 707	990
31 - 60 Days	946	740
61 - 90 Days	1 048	716
91 - 120 Days	670	535
121 - 150 Days	618	532
More than 150 days	6 438	7 847

Total

88 427

11 360

KGALAGADI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)

	2008 R	2007 R
13 CONSUMER DEBTORS (continued)		
(Water, Refuse, Sewerage, ect): Ageing		
Current (0 – 30 days)	623 366	31 403
31 - 60 Days	168 115	11 544
61 - 90 Days	124 286	7 436
91 - 120 Days	55 331	7 913
121 - 150 Days	105 308	3 924
More than 151 days	258 531	54 326
Total	1 334 937	116 546
Summary of Debtors by Customer Classification		
30 June 2008		
	Consumers	Industrial/ Commercial
	R	R
Current (0 – 30 days)	325 655	371 938
31 - 60 Days	160 482	6 860
61 - 90 Days	123 245	325
More than 91 days	395 240	3 298
Sub-total	1 004 622	382 421
Less: Provision for bad debts	-169 348	
Total debtors by customer classification	835 274	382 421
Summary of Debtors by Customer Classification		
30 June 2007		
	Consumers	Industrial/ Commercial
	R	R
Current (0 – 30 days)	28 084	1 590
31 - 60 Days	8 379	3 262
61 - 90 Days	7 367	160
More than 91 days	57 333	6 999
Sub-total	101 163	12 011
Less: Provision for bad debts	-100 618	-
Total debtors by customer classification	545	12 011
Reconciliation of the bad debt provision		
	2008 R	2007 R
Balance at beginning of the year	100 618	54 630
Contributions to provision	75 000	50 000
Bad debts written off against provision	-6 270	-4 012
Reversal of provision		-
Balance at end of year	169 348	100 618
14 OTHER DEBTORS		
Other Debtors	1 196 036	74 259
Pay As You Earn	2 744 925	2 744 925
Deposit Escom	1 000	1 000
Tranquility Trust	3 300	3 300
Asbestos Roads		-
Salaries		-
	3 945 261	2 823 484
15 CASH AND CASH EQUIVALENTS		
The Municipality has the following bank accounts: -		
Current Account (Primary Bank Account)	1 562 522	189 132
Petty Cash	1 750	1 750
Call Accounts First National Bank	5 313 505	10 550 982
Call Accounts ABSA Bank	6 266 129	9 176 667
	13 143 906	19 918 531
16 VAT		
VAT receivable/(payable)	1 710 372	549 263
VAT is payable on the invoice basis.		

KGALAGADI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)

	2008 R	2007 R
17 PROPERTY RATES		
<u>Actual</u>		
Residential, Commercial and State	20 689	21 673
Less: Income Forgone	6 350	7 362
Total Assessment Rates	14 339	14 311
<u>Valuations</u>		
Stand Valuation R 157 701	1 183	1 183
Improvement Valuation R 2 572 100	18 606	19 291
Building Clause R 160 000	900	1 200
Total Tax Levied	20 689	21 674
Valuations on land and buildings came into effect on 1 July 2002. A general rate of R0.0075 (2005/06 R0.005) is applied to property valuations to determine assessment rates. Rebates of R15000.00 on valuation is granted to residential property and a 20% discount is given on State owned properties and 25% on building clause.		
18 SERVICE CHARGES		
Sale of water	1 078 320	101 062
Sale of electricity	1 428 918	
Refuse removal	280 783	23 727
Sanitation removal	484 741	4 467
Total Service Charges	3 272 762	129 256
19 GOVERNMENT GRANTS AND SUBSIDIES		
Equitable Share	31 442 716	32 449 256
Provincial Road Subsidies	3 825 650	2 802 414
Provincial Library Grant	-	73 000
Provincial Library Grant (magazines)	-	1 019
Provincial Disaster Management Grant	423 000	469 000
Provincial Grant - Fire Equipment	300 000	436 000
Municipal Systems Improvement Grant	1 000 000	1 000 000
Capital Grant Electricity	-	40 000
Local Government Finance Management Grant	500 000	500 000
Health Subsidy	33 000	-
MIG Grant	7 931 202	12 324 284
Project Management Unit	1 700 000	
IDP Review	26 172	
Housing Accreditation	589 429	1 000 000
Sanitation Grant Clinics	-	-
Roads Asbestos/Main	-	7 600 000
Cleaning Ga-Segonyana	-	151 441
District Growth and Development Summit	-	850 000
Housing Vanzylsrus	-	-
Seta Leadership Training	-	221 858
EPWP Fencing Roads	-	750 633
EPWP Donkey Carts	-	100 000
EPWP Fencing Graveyards	-	15 000
Sanitation Grant Moshaweng	-	-
Sanitation Grant Ga-Segonyana.	-	-
Sanitation Grant Schools	-	-
EPWP	-	-
DWAFF Vanzylsrus	-	-
District Water	-	-
Total Government Grant and Subsidies (See Appendix F)	47 771 169	60 783 905

KGALAGADI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)

	2008 R	2007 R
20 OTHER INCOME-PROJECTS		
Included in other income are unspent funds rolled over from 2005/2006	-	15 631 384
SETA Training	12 420	-
EPWP Fencing Roads	173 273	-
EPWP Fencing Graveyards	15 000	-
EPWP Donkey Carts	36 981	-
Library Grant- Magazines	1 120	-
Library Grant- Development	130 000	-
Capacity Building	-	-
LED	-	-
Asbestos Roads	3 200 000	-
Bathlamos Training Centre	-	-
HIV/AIDS Council	-	-
Sanitation Schools	1 000 000	-
Kgalagadi Projects	-	-
Main Road Maintenance	8 589 221	-
DWAFF Awareness	427 968	-
Housing Vanzylsrus	3 457 772	-
EPWP	1 650 000	-
Health	161 042	-
Asbestos Roads 08/09	2 823 730	-
Sanitation Clinics	522 968	-
Internal Audit	470 000	-
Risk Management	125 551	-
Commonage Farms	825 350	-
	<u>23 622 396</u>	<u>-</u>
Less transfer to Unspent Grants	<u>-5 719 975</u>	<u>-</u>
	<u>17 902 421</u>	<u>15 631 384</u>

21 EMPLOYEE RELATED COSTS

Employee related costs - Salaries and Wages	17 752 382	15 673 245
Employee related costs - Contributions for UIF, pensions and medical aids	4 339 512	5 341 825
Travel, motor car, accommodation, subsistence and other allowances	7 144 355	4 004 967
Housing benefits and allowances	1 051 647	1 030 306
Overtime payments	-	-
Performance bonus	208 295	446 147
Total Employee Related Costs	<u>30 496 191</u>	<u>26 496 490</u>

There were no advances or loans to employees.

Remuneration of the Municipal Manager

Annual Remuneration-All inclusive package	751 320	705 780
Performance Bonuses	50 576	125 977
Leave Payment	88 250	60 399
Total	<u>890 146</u>	<u>892 156</u>

Remuneration of the Chief Finance Officer

Annual Remuneration-All inclusive package (10 Months)	493 600	564 815
Performance Bonuses	-	-
Leave Payments	17 070	-
	<u>510 670</u>	<u>564 815</u>

Remuneration of Individual Executive Directors

	Internal Audit (6 Months Only) R	Special Projects R	Technical Services R	Corporate Services (6 Months Only) R	Development and Planning R
30 June 2008					
Annual Remuneration-All inclusive package	297 600	702 148	702 348	297 600	633 600
Performance Bonuses		40 320	40 413		39 312
Leave Payment		38 214	40 597		80 729
Total	<u>297 600</u>	<u>780 682</u>	<u>783 358</u>	<u>297 600</u>	<u>753 641</u>
30 June 2007					
Annual Remuneration-All inclusive package		556 104	671 508	202 373	576 178
Performance Bonuses		97 280	117 438	-	105 452
Leave Payment		29 317	52 885	85 883	25 251
Total		<u>682 701</u>	<u>841 831</u>	<u>288 256</u>	<u>706 881</u>

The remuneration of the municipal manager, chief finance officer and individual executive directors are included in the total employee related cost of R 30 496 191. The mentioned employees form part of the key management personnel

22 REMUNERATION OF COUNCILLORS

Executive Mayor	514 039	478 184
Speaker	402 562	374 485
Executive Committee Members	1 513 208	1 160 456
Councillors	591 287	727 617
Councillors' pension and medical aid contribution(Included in above amounts from 2007/08)	-	384 167
Total Councillors' Remuneration	<u>3 021 096</u>	<u>3 124 909</u>

KGALAGADI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)

	2008 R	2007 R
22 REMUNERATION OF COUNCILLORS (continued)		
In-kind Benefits		
The Executive Mayor, Speaker and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.		
The Executive Mayor has use of a Council owned vehicle for official duties. The Executive Mayor has a full-time driver.		
23 INTEREST PAID		
Long-term liabilities	391 760	200 940
Total Interest on External Borrowings	391 760	200 940
24 GRANTS AND SUBSIDIES PAID		
Grant to Ga-Segonyana Local Municipality	800 000	950 000
Grant to Gamagara Local Municipality		480 282
Grant to Moshaweng Local Municipality		300 000
Kgalagadi DMA		-
Grant to Northern Cape Tourism	78 000	76 000
Grant to SMME		32 245
Total Grants and Subsidies	878 000	1 838 527
25 GENERAL EXPENSES		
Amounts more than R100,000.00		
Fuel and oil	712 090	
Printing and Stationary	354 626	
Electricity	307 556	
Training	411 116	
Membership fees	145 336	
Administration cost	552 249	
Catering	259 520	
Audit fees	587 709	
Workmans compensation	438 461	
Travel and subsistence	1 978 443	
Telephone	1 002 606	
Insurance	479 830	
Risk management	383 382	
Tourisme events and contributions	222 978	
Internal audit committee	170 499	
Rates and taxes paid	130 296	
Other amounts included: Household expenses, conferences, postage, legal fees, uniforms, workshops, etcetra	2 579 854	
Less charge-outs	-3 351 777	
	7 364 774	
26 CASH GENERATED BY OPERATIONS		
Surplus/(deficit) for the year	-7 958 763	2 125 866
Operating surplus	-7 958 763	2 125 866
Decrease in inventories	507 450	1 802
(Increase)/decrease in debtors	-2 348 506	-2 722 540
(Decrease)/increase in conditional grants and receipts	4 642 274	-11 860 827
Increase in creditors	3 261 138	-1 279 057
Cash generated by/(utilised in) operations	-1 896 407	-13 734 756
27 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position :		
Bank balances and cash	1 562 522	190 882
Investment deposits	11 581 384	19 727 649
Total cash and cash equivalents	13 143 906	19 918 531
28 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-term liabilities (see Note 1)	3 856 976	3 856 976
Used to finance property, plant and equipment – at cost		-
Total	3 856 976	3 856 976
Cash set aside for the repayment of long-term liabilities		-

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

KGALAGADI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)

	2008 R	2007 R
29 POST-EMPLOYMENT BENEFITS		
An Actuarial Valuation was done in accordance with AC 116 and the Liability Projection is as indicated. There will be endeavour to make provision in the budget within the next ten years.	11 808 000 <u>11 808 000</u>	10 220 991 <u>10 220 991</u>
<i>Application for exemptions in terms of Government Gazette No 30013 dated 29 June 2007 was approved by the National Treasury on 21 August 2007. The municipality is exempted for the defined benefit accounting as far as it relates to defined benefits plans accounted for as defined contributions plans and the defined benefit obligation disclosed by narrative information [paragraphs 29. 48-119, 120A©-(q)]</i>		
30 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
30.1 Unauthorised expenditure		
Opening Balance	-1 326 152	-
Unauthorised expenditure current year	6 071 308	4 067 051
Executive and Council	4 532 162	2 233 684
Finance and Admin	219 085	-
Development and Planning	70 382	-
Roads	-	1 548 374
Other	1 249 679	284 993
Approved or condoned by Council	-	-5 393 203
Unauthorised expenditure awaiting authorization	<u>4 745 156</u>	<u>-1 326 152</u>
30.2 Fruitless and Wastful Expenditure		
Opening balance	1 225 227	-
Fruitless and wasteful expenditure for the current year	67 582	-
Interest and Fines paid to SARS	-	1 225 227
Approved or condoned by Council	1 292 809	-
Fruitless and wasteful expenditure awaiting authorization	<u>-</u>	<u>1 225 227</u>
30.3 Irregular Expenditure		
Opening balance	42 038	-
Irregular expenditure for the current year	14 263	-
Commission paid on levy collection	-	42 038
Approved or condoned by Council	56 301	-
Irregular expenditure awaiting authorization	<u>-</u>	<u>42 038</u>
31 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
31.1 Contributions to organized local government		
Opening balance	-	-
Council subscriptions	134 851	110 859
Amount paid - current year	-134 851	-110 859
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>
31.2 Audit fees		
Opening balance	-	-
Current year audit fee	581 583	562 853
Amount paid - current year	-581 583	-562 853
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>
31.3 VAT		
VAT inputs receivables and VAT outputs receivables are shown in note 7. All VAT returns have been submitted by the due date		
31.4 PAYE and UIF		
Opening balance	-	-
Current year payroll deductions	8 239 585	5 599 452
Amount paid - current year	-8 239 585	-5 599 452
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>
31.5 Pension and Medical Aid Deductions		
Opening balance	5 205 925	5 250 292
Current year payroll deductions and Council Contributions	-5 205 925	-5 250 292
Amount paid - current year	-	-
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>
31.6 Councillor's arrear consumer accounts		
No Councillor had any arrear accounts outstanding.		

KGALAGADI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)

		2008 R	2007 R
31 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (continued)			
31.7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act			
<i>The following deviations from the supply chain management policy and regulations occurred during the 2007/2008 financial year:</i>			
1.Xerox Xerox photocopy machine ideally utilizes only Xerox papers	F15.24/10/2007	2 411	
2.Rock Tech Earthmoving There are only two service providers locally who can supply CAT products	F15.24/10/2007	3 900	
3.Motor Engineering The only service provider locally who was available 24 hours	F15.24/10/2007	2 736	
4.Trans Oranje Drukkers It was impractical to ask for quotations because Trans Oranje Drukkers initially designed the letterhead of Council and therefore they're the only company that could print it	F15.24/10/2007	7 025	
5.Zan Cari's It was impractical to ask for quotations because locally Zan Cari's is the sole provider of office furniture	F15.24/10/2007	15 790	
6.Earthmoving Repair Services There are only two service providers locally who can supply CAT products	F12.28/11/2007	33 143	
7.Lorato Promotion Artistic work and therefore impossible to follow procurement process	F21.21/02/2008	3 500	
8.Lexis Specialized training provided to community service department	F21.21/02/2008	11 730	
9.Ngwao Ya Tshona Cultural Group Artistic work and therefore impossible to follow procurement process	F21.21/02/2008	4 800	
10.Barloworld Impractical to follow the normal procurement process	F17.27/06/2008	24 698	
11.Total Geo Impractical to follow the normal procurement process	F17.27/06/2008	52 448	
In April 2006 a disaster occurred at Bothitong village and liquifire gel stoves were bought for the affected families.The official procurement processes were not followed as no competitive bids were invited.			
			-
<i>The following deviations from the supply chain management policy and regulations occurred during the 2006/2007 financial year:</i>			
1.Tihapi Media/Hyper Act Promotions - District Growth and Development Summit A deviation from the SCM policy was approved on the condition that the service provider be appointed by means of quotations instead of formal tenders	F20.21/02/2007		1482550
2.Earthmoving Repairs - 17.5x25 Tyres Only 2 vendors locally can supply CAT products,therefore it's impractical to follow the National SCM processes	F19.22/08/2007		26 220
3.Idwala Industrial Holdings - Limestone Impractical to follow procurement process because acquisition of limestone is available from single supplier	F19.22/08/2007		97 455
4.Rocktech Earthmoving - Grader Blades Only 2 vendors locally can supply CAT products,therefore it's impractical to follow the National SCM processes	F19.22/08/2007		25 410
5.Kido Staalwerke- Stainless Steel Tank for Sewerage Traitor The sole supplier of a steel tank of this magnitude	F19.22/08/2007		28 279
6.Sebata Municipal Solutions - Time and Attendance System The time and attendance system should be linked to Sebata FMS Payroll,therefore it was impractical to comply with SCM processes	F19.22/08/2007		146 141
7. Spangenberg Laboratory - Testing of water ssamples Only qualified micro-biologist in Kuruman	F07.09/05/2007		10 380
8.Shoprite - Food parcels for needy Was the only supermarket with affordable food parcels at that time	F07.09/05/2007		7 500
9.Earthmoving Repairs - TA fittings Sole supplier	F07.09/05/2007		35 161
10.Idwala Industrial Holdings- 224 tons of hydrated lime Sole supplier in region	F07.09/05/2007		218 333
11.Price Watehouse Coopers- Sec 78 Assessment Hotazel Council resolution taken	F07.09/05/2007		51 000
12.Earthmoving Repairs- Reconditioning hydraulic pump Sole supplier	F07.09/05/2007		13 949
13.Spangenberg Laboratory- Testing of water samples Only micro-biologist in Kuruman	F07.09/05/2007		10 602
14.La Rey Design- Printing of posters Only supplier who can provide material according to DWAF standarders	F07.09/05/2007		22 700
15.Kgomotso Image and Sound - Drop handle zip files Only HDI company who can provide this service	F07.09/05/2007		11 571
16.Barloworld Kuruman- 15W40 Oil 208l Only supplier of CAT oil in the Kuruman	F07.09/05/2007		14 109
17.Rocktech- Grader blades Sole provider in the region	F07.09/05/2007		32 677
18.Marleon - Health education material Only supplier who can provide material according to DWAF standarders	F07.09/05/2007		9 600
Total		162 181	2 243 637

KGALAGADI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)

2008	2007
R	R

32 COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexures E(1) and E(2).

33 RETIREMENT BENEFIT INFORMATION

All Councillors and employees belong to defined benefit retirement funds.

34 Financial instruments

(1) Financial risk factors

(i) Interest rate risk

The municipality financial income and cash outflows for long term liabilities are substantially independent of changes in the market interest rates.

(ii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding. The municipality aims at maintaining flexibility in funding available.

iii) Credit risk

The municipality has policies in place that limit the amount of credit exposure to any one financial institution. There is also policies in place to ensure consumer debtors are credible

APPENDIX A
KGALAGADI DISTRICT MUNICIPALITY: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2008

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 30/06/2007	Received during the period	Redeemed written off during the period	Balance at 30/06/2008
ANNUITY LOAN						
DBSA	NC101797		918 232			918 232
DBSA	NC102567		3 000 000			3 000 000
TOTAL EXTERNAL LOANS			3 918 232			3 918 232

Carrying Value of Property, Plant & Equipment	Other Costs in accordance with the MFMA
918 232	
4 021 079	
5 861 002	

APPENDIX B
KGALAGADI DISTRICT MUNICIPALITY: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2008

	Cost/Revaluation					Accumulated Depreciation					
	Opening Balance	Capital under construction	Additions	Disposals	Closing Balance	Opening Balance	Additions	Impairment Loss	Disposals	Closing Balance	Carrying Value
Infrastructure			33 674 823		33 674 823		679 764			679 764	32 995 059
Land and Buildings											
Land	13 080 913		10 976 569	33 045	24 024 437	33 295			33 045	250	24 024 187
Buildings	6 503 827		6 996 204		13 500 031	884 356	2 503 007	3 777 267		7 164 630	6 335 402
	19 584 740		17 972 773	33 045	37 524 468	917 651	2 503 007	3 777 267	33 045	7 164 880	30 359 588
Other Assets											
	8 914 238		1 979 170	459 554	10 433 854	5 649 803	1 644 921		450 950	6 843 774	3 590 080
	28 498 978		53 626 766	492 599	81 633 145	6 567 454	4 827 692	3 777 267	483 995	14 688 418	66 944 727

APPENDIX C
KGALAGADI DISTRICT MUNICIPALITY: SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
30 JUNE 2008

	Cost/Revaluation					Accumulated Depreciation					
	Opening Balance	Capital under construction	Additions	Disposals	Closing Balance	Opening Balance	Additions	Impairment loss	Disposals	Closing Balance	Carrying Value
Executive & Council	2 085 520		645 677		2 731 197	376 714	325 640			702 354	2 028 843
Finance & Admin	24 220 251		25 080 898	492 599	48 808 550	5 066 912	3 632 851	3 777 267	483 995	11 993 035	36 815 515
Planning & Development			23 692		23 692		1 082		-	1 082	22 610
Health	50 742		12 798	-	63 540	35 569	6 049		-	41 618	21 922
Community & Social Services					-				-	-	-
Public Safety	1 794 254		532 982		2 327 236	874 368	328 404			1 202 772	1 124 464
Sport & Recreation					-				-	-	-
Environmental Protection					-				-	-	-
Waste Management					-				-	-	-
Road Transport					-				-	-	-
Water					-				-	-	-
Electricity					-				-	-	-
Other	348 211		27 330 717	-	27 678 928	213 890	533 665		-	747 555	26 931 373
TOTAL	28 498 978	-	53 626 764	492 599	81 633 143	6 567 453	4 827 691		483 995	14 688 416	66 944 727

APPENDIX E
KGALAGADI DISTRICT MUNICIPALITY: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED
30 JUNE 2008

2007 Actual Income R	2007 Actual Expenditure R	2007 Surplus/ (Deficit) R		2008 Actual Income R	2008 Actual Expenditure R	2008 Surplus/ (Deficit) R
2 361 126	10 614 288	-8 253 162	Executive & Council	35 226 630	16 207 909	19 018 721
38 462 617	14 177 987	24 284 630	Finance & Admin	35 449 272	19 910 845	15 538 427
1 175 805	4 001 017	-2 825 212	Planning & Development	218 238	4 418 216	-4 199 978
17 156	2 303 784	-2 286 628	Health	45 664	2 815 797	-2 770 133
		-	Community & Social Services			-
		-	Housing	994 283	998 364	-4 081
911 910	2 548 739	-1 636 829	Public Safety	725 563	2 330 610	-1 605 047
		-	Sport & Recreation			-
		-	Environmental Protection			-
		-	Waste Management	734 186	626 993	107 193
14 829 245	15 455 904	-626 659	Road Transport	7 841 242	8 230 208	-388 966
		-	Water	980 604	860 958	119 646
		-	Electricity	1 428 918	1 341 382	87 536
34 146 781	41 896 698	-7 749 917	Other	26 842 111	27 958 551	-1 116 440
91 904 640	90 998 417	906 223	Sub Total	110 486 711	85 699 833	24 786 878
-	-1 219 643	-1 219 643	Less Inter-Department Charges		-	-
91 904 640	89 778 774	2 125 866	Total	110 486 711	85 699 833	24 786 878

APPENDIX E(2)

KGALAGADI DISTRICT MUNICIPALITY: ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2008

	<u>2008 Actual</u>	<u>2008 Under Construction</u>	<u>2008 Total Additions</u>	<u>2008 Budget</u>	<u>2008 Variance</u>	<u>2008 Variance</u>	<u>Explanation of Significant Variances greater than 5% versus Budget</u>
	R	R	R	R	R		% (Explanations to be recorded)
Executive & Council	645 678		645 678	650 000	-4 322	-0.66	
Finance & Admin	25 080 897		25 080 897	1 847 300	23 233 597	1 257.71	Included in the expenditure is the completion of the Multi Purpose Centre Vanzylsrus and the extention of the office buildings as wel as the revaluation of all land and buildings
Planning & Development	23 693		23 693	60 000	-36 307	-60.51	Savings on budgeted amount.
Health	12 798		12 798	68 300	-55 502	-81.26	Savings on budgeted amount.
Community & Social Services			-				
Public Safety	532 983		532 983	607 500	-74 517	-12.27	Savings on budgeted amount.
Sport & Recreation							
Environmental Protection							
Waste Management							
Road Transport			-	5 000	-5 000	-100.00	No expenditure incurred during 2007/2008
Water							
Electricity							
Other	27 330 718		27 330 718	55 435	27 275 283	49 202.28	R 27,270,156.00 relates to infrastructure of Hotazel transferred from the mine to KDM.
TOTAL	53 626 767	-	53 626 767	3 293 535	50 333 232	1 528.24	

APPENDIX E(1)
KGALAGADI DISTRICT MUNICIPALITY: ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2008

	2008	2008	2008	2008	Explanation of Significant Variances
REVENUE	Actual (R)	Budget (R)	Variance (R)	Variance (%)	greater than 10% versus Budget
Property rates	20 689	21 000	-311	-1.48	
Property rates - penalties imposed and collection charges	-	-	-		
Service charges	3 272 762	4 943 788	-1 671 026	-33.80	Revenue budgeted for 12 months, but services were only render for 9 months.
Rental of facilities and equipment	45 057	33 276	11 781	35.40	Income more than the amount budgeted.
Interest earned - external investments	1 755 279	1 700 000	55 279	3.25	
Interest earned - outstanding debtors	10 410	9 600	810	8.44	
Levies	141 532	150 000	-8 468	-5.65	
Fines	8	125	-117	-93.60	Only R 8.00 was collected.
Government grants and subsidies	47 771 169	47 119 924	651 245	1.38	
Public Contributions and Donations	41 882	4 000 000	-3 958 118	-98.95	Income was not received
Other income	3 600 140	6 091 598	-2 491 458	-40.90	Revenue budgeted for 12 months, but admin fees were only levied for 9 months. Income was not received.
Other income - Projects	17 902 421	19 956 078	-2 053 657	-10.29	Unspend grants to be transferred to 2008/2009
Roads	2 130 263	2 259 597	-129 334	-5.72	
Gains on disposal of property, plant and equipment	70 131	75 000	-4 869	-6.49	
Assets receive from public and grants	33 724 968	-	33 724 968	100.00	Infrastructure assets from Hotazel and Vanzylsrus received
Less: Transfers			-	-	
Total Revenue	110 486 711	86 359 986	24 126 725	27.94	
EXPENDITURE					
Executive & Council	16 207 909	11 675 746	4 532 163	38.82	Impairment losses of R 3,777,267.00 included in the amount. Over expenditure incurred on FUEL AND OIL, CATERING and TRAVEL AND SUBSISTANCE
Finance & Admin	19 910 845	19 691 761	219 084	1.11	
Planning & Development	4 418 216	4 347 833	70 383	1.62	
Health	2 815 796	2 843 752	-27 956	-0.98	
Community & Social Services			-	-	
Housing	998 364	1 002 000	-3 636	-	
Public Safety	2 330 610	2 880 396	-549 786	-19.09	R 300,00 transferred in SOCNA to the CRR
Sport & Recreation			-	-	
Environmental Protection			-	-	
Waste Management	626 993	1 800 232	-1 173 239	-	
Road Transport	8 230 208	11 032 568	-2 802 360	-25.40	Charge-out of R 2,211,771 not budgetd for
Water	860 958	1 884 928	-1 023 970	-54.32	Expenditure budgeted for 12 months, but services were only render for 9 months.
Electricity	1 341 382	1 839 971	-498 589	-27.10	Expenditure budgeted for 12 months, but services were only render for 9 months.
Other	27 958 552	26 708 872	1 249 680	4.68	Project funds for 2008/2009 received.
Total Expenditure	85 699 833	85 708 059	-8 226	-0.01	
NET SURPLUS/(DEFICIT) FOR THE YEAR	24 786 878	651 927	24 134 951		

APPENDIX F

KGALAGADI DISTRICT MUNICIPALITY: DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MFNA,56 OF 2003

Name of Grants and Project	Received From	Unspent 01-Jul-07	Receipts	Expenditure	Unspent 30-Jun-08
Grants and Subsidies					
Municipal Systems Improvement Grant	DPLG	107 713	1 000 000	521 154	586 559
Finance Management Grant	DPLG	1 310 045	500 000	203 340	1 606 705
Housing Accreditation	Prov NC	1 000 000	589 429	577 902	1 011 527
PIMMS		198 333	-	198 333	-
Municipal Systems Improvement Grant-previous year	DPLG	21 165	-	16 419	4 746
Equitable Share	DPLG		9 194 589	9 194 589	-
Provincial Road Subsidy	Prov NC		3 825 650	3 825 650	-
Provincial Grant - Near	Prov NC		423 000	423 000	-
Provincial Grant - Fire	Prov NC		300 000	300 000	-
Municipal Infrastructure Grant	Prov NC	4 383 156	7 931 202	11 243 917	1 070 441
Donkey and Human Drawn Carts	Prov NW	273 026	-	248 024	25 002
Performance Management Unit	MIG		1 700 000	1 700 000	-
Levy Replace Grant	DPLG		22 248 127	22 248 127	-
Provincial Health Subsidy	Prov NC		33 000	33 000	-
IDP Review		103 219.00	26 171	52 342	77 048
Total Grants and Subsidies		7 396 657	47 771 168	50 785 797	4 382 028
Project Cost					
Sanitation 05/06		404 843		404 843	-
Sanitation Households		183 104		116 024	67 080
Health Section 78 Report		61 042			61 042
Sanitation Households		87 705		2 131	85 574
Dipudi Project		168 270		168 270	-
SETA Training		221 858	12 420	147 700	86 578
EPWP Fencing Roads		750 633	173 273	923 906	-
EPWP Fencing Graveyards		15 000	15 000	30 000	-
EPWP Donkey Carts		76 786	36 981		113 767
Library Grant- Magazines		862	1 120	1 157	825
Library Grant- Development		54 730	130 000	104 799	79 931
Capacity Building		125 551		125 551	-
LED		35 206		35 206	-
Asbestos Roads		1 124 977	3 200 000	3 633 530	691 447
Bathlars Training Cente		150 830		150 830	-
HIV/AIDS Council		133 629		41 560	92 069
Sanitation Schools		100 000	1 000 000	1 035 179	64 821
Kgalagadi Projects		909 120			909 120
Main Road Maintenance			8 589 221	8 223 314	365 907
DWAFF Awareness			427 968	112 465	315 503
Housing Vanzylsrus			3 457 772	589 429	2 868 343
EPWP			1 650 000	430 448	1 219 552
Health			161 042	152 120	8 922
Asbestos Roads 08/09			2 823 730	1 917 465	906 265
Sanitation Clinics			522 968	252 096	270 872
Internal Audit			470 000		470 000
Risk Management			125 551		125 551
Commonage Farms			825 350	326 464	498 886
Total Project Cost		4 604 146	23 622 396	18 924 487	9 302 055
Total Grants and Subsidies and Project Cost		12 000 803	71 393 564	69 710 284	13 684 083

**KGALAGADI DISTRICT MUNICIPALITY
TRAIL BALANCE AT 30 JUNE 2008**

<u>CAPITAL</u>	<u>FOLIO</u>	<u>DEBIT</u>	<u>CREDIT</u>
Manager Corporate Services	30100010000	17 872 391	
Council	30100020000	855 432	
Financial Services	30100030000	2 430 386	
Human Resources	30100040000	303 497	
Health Services	30100090000	63 541	
Mayoral Office	30100070000	1 630 693	
Management Area	30100060000	28 123 749	
Disaster Management	30100050000	2 327 236	
PIM Centre	30100080000	17 213	
Housing Unit	30100100000	56 161	
Municipal Manager	30100110000	245 073	
Development & Planning	30100120000	23 693	
MIG Office	30100130000	323 802	
Hotazel	30100140000	27 270 156	
Internal Audit	30100150000	78 527	
Special Program	30100180000	11 595	
<u>FUNDS & RESERVES</u>			
Loans Outstanding Office Building	30100160000		3 000 000
Loan Outstanding MPC Vanzylsrus	30100170000		918 232
Revaluation Reserve	30200300000		12 088 470
Government Grant Reserve	30200310000		6 649 045
Public Donations and Contributions Hotazel	30200320000		26 804 502
Accumilated Depreciation Hotazel	30200330000		4 827 942
Acc Depreciation	30200340000		9 860 477
Capital Replacement Reserve Hotazel	40600500000		323 000
Capital Replacement Reserve	40600510000		7 198 882
Working Capital Hotazel	40600700000		25 000
Working Capital	40700710000		144 348
Leave Payments (Provisions)	40700720000		1 051 689
Insurance Fund	40703370000		650 000
Accumilated Surplus Hotazel	50902400000		651 221
Accumulated Surplus	50902410000		584 901
<u>CREDITORS</u>			
Unspent Grants	51103260000		12 613 642
MIG Funding	50103250000		1 070 441
Provision Performance Bonus	51103160000		1 661 206
Debtors Other/hr/ums/ect	51103180000	1 196 036	
Stock on Thwane	51103230000		1 545 600
<u>LONG TERM CREDITORS</u>			
The farms Thwane and Twakana	51103220000		11 686 937
<u>SUNDRY DEBTORS</u>			
Trading Debtors- Electricity	50101190000	231 401	48
Trading Debtors- Water	50101200000	504 306	8 056
Trading Debtors- Rates	50101210000	88 427	
Trading Debtors- Refuse	50101220000	95 539	448
Trading Debtors- Sewerage	50101230000	141 987	
Trading Debtors- VAT	50101240000	66	74
Trading Debtors- Miscellaneous Vatable	50101250000	7 516	39 027
Trading Debtors- Miscellaneous None Vatable	50101260000	354 122	2 302
Pay As You Earn Tax	51103130000	2 744 925	
VAT	51103370000	1 710 372	
<u>INVESTMENTS & DEPOSITS</u>			
Petty Cash	50000910000	1 750	
Deposit Eskom	50301340000	1 000	
Collateral P Seele	50501730000	3 840	
ABSA Acc 9103544168	50501760000	5 026 988	
ABSA Acc 2067071189	50501780000	1 239 141	
FNB Acc 62016341208	50501740000	5 310 782	
FNB Acc 62047254272	50501750000	2 723	
Cheque Account	51002610000	1 562 522	
Tranquility Trust	50301330000	3 300	
<u>STOCK</u>			
Inventory	50401510000	1 545 600	
		103 405 490	103 405 490

